

**ADMINISTRATIVE CONTROL BOARD (ACB) – WASATCH FRONT WASTE AND RECYCLING DISTRICT (WFWRD)**  
**MONTHLY MEETING MINUTES**

DATE/TIME	LOCATION	ATTENDEES
<p>July 17, 2017 9:00 a.m.</p> <hr/> <p><b>Next Board Meeting</b> August 28, 2017 9:00 a.m.</p>	<p>Public Works Building 604 W 6960 S Midvale, UT 84047</p>	<p><u>Board Members:</u> Dama Barbour, Scott Bracken, Jim Bradley, Jim Brass, Kay Dickerson, Steve Gunn, Dwight Marchant, Joe Smolka, Craig Tischner  <b>EXCUSED:</b> Kelly Bush, Sean Clayton, Kris Nicholl, Brint Peel, Jenny Wilson</p> <p><u>District Staff:</u> Anthony Adams, Rachel Anderson, Rosemary Fasselin, Cathy Jensen, Gaylyn Larsen, Pam Roberts</p> <p><u>Public:</u> Steve Van Maren</p>

**AGENDA**

**Call to Order:** Craig Tischner, Board Chair

**1. Consent Items: (Approval Requested)**

1.1. June 26, 2017 Board Meeting Minutes

**2. Meeting Open for Public Comments:** (Comments are limited to 3 minutes)

**3. Business Items**

- 3.1. Report on the Nyhart Actuarial Study for the Other Post-Employment Benefits (OPEB) Restructuring Options; Cathy Jensen, Controller; Gaylyn Larsen, Human Resources Manager. **(Informational/Direction)**
- 3.2. District’s Response to the Recent Utah State Legislative Auditor General Survey on Internal Controls; Cathy Jensen; Pam Roberts, Executive Director. **(Informational/Direction)**
- 3.3. Policy for Whistleblower Protection and Ethics Hotline; Pam Roberts; Rachel Anderson, Legal Council **(Adoption Requested)**
- 3.4. Standard Practice of Applying Board-Approved Cost of Living Adjustment (COLA) and Merit Increases for Appointed Staff; Gaylyn Larsen **(Informational/Direction)**
- 3.5. Follow-up on Leaf Bag Program Options; Pam Roberts **(Informational/Direction)**

#### **4. Closed Session**

*The Administrative Control Board may temporarily recess the meeting to convene in a closed session to discuss the character, professional competence, or physical or mental health of an individual, pending or reasonable imminent litigation, and the purchase, exchange, or lease of real property, as provided by Utah Code Annotated §52-4-205.*

#### **5. Other Board Business**

This time is set aside to allow board members to share and discuss topics.

#### **6. Requested Items for the July Board Meeting on August 28, 2017**

- 2017 2<sup>nd</sup> Quarter Financial Report
- 2017 2<sup>nd</sup> Quarter Performance Measures

TOPICS/ OBJECTIVES	KEY POINTS/ DECISIONS	ACTION ITEMS WHO – WHAT – BY WHEN	STATUS
<b>1. Consent Items</b>			
1.1 June 26, 2017 Board Meeting Minutes		<b>Motion to Approve the Minutes by:</b> Board Member Brass <b>Seconded by:</b> Board Member Dickerson  <b>Vote: All in favor (of Board Members present)</b>	<b>Approved July 17, 2017</b>
<b>2. Meeting Open for Public Comments</b>	(Comments are limited to 3 minutes)		
	No Public Comments		
<b>3. Business Items</b>			
3.1. Report on the Nyhart Actuarial Study for OPEB Restructuring Options; Cathy Jensen, Controller; Gaylyn Larsen, Human Resources Manager <b>(Informational/Direction)</b>	<p>Gaylyn provided a brief overview of the financial situation that instigated the conversation to review OPEB restructuring options. Nyhart identifies our current OPEB liability at around \$2.1 million, with \$900,000 for future retirees and the remainder for currently retired individuals. Beginning in 2018, this liability must be identified on the organization’s financial statement. Nyhart evaluated options to help WFWRD decrease this liability. Board Member Bracken asked if this requirement was just for special districts. Cathy replied that it was a new Governmental Accounting Standards Board (GASB) requirement for all governmental organizations. Gaylyn verified that within the next five years, WFWRD has up to eight people qualifying for retirement under the State retirement system. Nyhart’s evaluations excluded these eight individuals, and their projections begin in 2023. Pam Roberts clarified that these eight identified employees could retire prior to 2023, and five of the eight qualify for retirement this year.</p> <p>Gaylyn explained the options provided by Nyhart:</p>		

- Continue the policy, unchanged.
- Limit the benefit to five years after retirement or to age 65, whichever comes first.
- Cap our percentage contribution at 50% - currently our cap is at 80%.
- Move the retirees to the Avenue H Marketplace with our current contributions.
- Create a Health Reimbursement Arrangement (HRA) account and allow retirees to purchase their own insurance.

Board Member Bracken asked about the details on the HRA account. Gaylyn confirmed that these would be monthly contributions and would include coverage for the retiree’s Medicare coverage. Board Member Bracken also asked for clarification on those electing early retirement through the Utah Retirement Systems (URS). Gaylyn stated that employees can qualify for retirement through the URS at 60 years of age with 20 years qualifying employment, 64 years of age with 10 years of employment, 65 years of age with four years of employment, or 30 years of employment at any age.

Gaylyn stated that the second proposed option has the largest savings because it limits the liability and eliminates the “life-time benefit” by having retirees purchase their own insurance supplement once they qualify for Medicare. She added that the fourth option would not reduce our costs, but would double the expenses for our retirees.

Board Member Bracken asked how much we have already contributed towards our liability. Gaylyn confirmed that we have already designated approximately \$800,000 towards the \$2.1 million liability, but Nyhart did not count this since it is not in an unrestricted savings account. Cathy added that an estimated \$78,000 will be added to that designation this fiscal year for our OPEB coverage.

Board Member Bradley asked for the opinion of WFWRD Executive Staff on the best course of action. Pam disclosed that she is one that could be affected by the Board's decision on this topic. She added that she has a difficult time accepting residents paying for a benefit for her after she retires. However, there are individuals that want this benefit, have been promised it, and feel it should remain. For perspective, she stated that if we do not change our benefits, the cost would equate to about 95¢ per home, per month, for one year. If the Board elected to change to option 2, that would reduce the cost for our residents to around 45¢ per home, per month, for one year. Gaylyn commented that the \$800,000 is part of the current \$1.2 million obligation for current retirees. The current consideration for changes to our OPEB obligation are for the eight qualifying future retirees.

Board Member Barbour asked if any of those eight retirees are considering retirement in the immediate future. Pam replied that two could possibly retire next year and the remainder by 2019.

Board Member Barbour expressed her desire to keep promises. She also needs to consider what is best for her residents. Board Member Brass agreed with Board Member Barbour's perspective, and asked about the number of retirees this would impact. Pam restated that the eight employees that could retire in the next couple of years were not included in this Nyhart evaluation. The number of potential retirees in the Nyhart study is around 35 employees. Once these first eight retire, our current \$1.2 million obligation may increase to around \$1.7 million, according to the actuarial study.

Board Chair Tischner asked how many of the current retirees were carried over when the District separated from the County. Pam stated that 14 employees were transferred to the District since their salaries had been paid out of District fees rather than tax dollars. Board

Chair Tischner added that our challenge is that our service fees are our only source of revenue.

Board Member Brass stated that a deal is a deal, especially this close to retirement. However, he stated that he has a hard time accepting the need for customers to pay for insurance for retirees for years if they can't afford it themselves. He stated that we should have a cutoff or a buyout for those eligible. Gaylyn and Pam confirmed that OPEB benefits are not available for any employee that was hired on or after January 1, 2013. Board Member Bracken asked how many current retirees are utilizing these OPEB benefits. Pam stated that there are currently 17 retirees. Gaylyn added that about half of our current workforce, around 45 employees, was hired before 2013 and still qualify for these benefits. However, that number goes down each time a qualifying employee leaves District employment before retirement.

Board Member Barbour expressed her concern that a fee increase is needed, even without including this liability. Where does this put us, and what do we go back and tell our councils and constituents? We have been looking at the need for a \$2 per month increase, but this could take us to \$3 per month. Board Member Brass agreed that we need a bottom line to take back to our communities. He added that we also need to consider the Public Employees Health Plan (PEHP) costs. Pam concurred that those expenses need to be reviewed for current employees. Cathy added that the one-time costs were used as examples, but the actual costs would be smaller per month and drawn out over time.

Board Member Marchant commented that the private sector is facing similar economic challenges with pensions and retiree benefits.

<p>3.2 District's Response to the Recent Utah State Legislative Auditor General Survey on Internal Controls; Cathy Jensen; Pam Roberts, Executive Director. <b>(Informational/Direction)</b></p> <p>3.3 Policy for Whistleblower Protection and Ethics Hotline; Pam Roberts; Rachel Anderson, Legal Council <b>(Adoption Requested)</b></p>	<p>Board Chair Tischner voiced his suggestion to keep the status quo. Board Member Smolka voiced his favor of option #2.</p> <p>Pam restated the difficulty in staff providing recommendations on this subject since the decision would impact many of them directly, but she did request that those eight individuals so close to retirement keep the current benefits.</p> <p>Board Chair Tischner and Vice Chair Gunn suggested the Board continue to review the information and provide Direction, for a decision at the next Board meeting.</p> <p>Board Member Bradley asked if there was a deadline to make this decision. Pam confirmed that there was not, but the liability amount is required for next year's balance sheet.</p> <p>Pam stated that Board members have received letters from the Utah State Legislative Auditor requesting that Board members ensure internal controls are in place. She requested that Cathy review the checklist and respond to each of the items to verify compliance. Cathy verified that it is a continual process of improvement, and there was one area which needed to be addressed. We currently have no internal policy regarding whistleblower protection.</p> <p>Pam confirmed that staff has worked with Rachel Anderson, legal counsel, to develop an appropriate policy. Rachel added that WFWRD's Code of Ethics policy has also been enhanced regarding integrity and honesty. The new policy enforces an open door policy, and adds an opportunity for anonymous comments. Her recommendation was to provide a locked comment box available for employees. She also stated that there was discussion for the ability for employees to directly contact</p>		
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<p>3.4 Standard Practice of Applying Board-Approved COLA and Merit</p>	<p>the Chair and Vice Chair of the Administrative Control Board, though email communication would not be anonymous. Also, in the whistleblower policy is the mandate that there can be no retaliation towards those who report an ethics violation. Pam stated that this policy will be added to our Policy Manual immediately following our Mission Statement that lists out priorities including serving the public with integrity.</p> <p>Board Member Bracken asked if the emails used to report violations would be subject to GRAMA requests. Rachel stated that it would be the same if someone left a note in a comment box, since they are both considered records. Board Chair Tischner suggested adding to the policy that employees may use any means of contact available. He also suggested adding verbiage to include Board members as well, if they any have comments regarding the Board Chair or Vice Chair.</p> <p>Board Member Smolka asked where employees can go if their concern is with executive staff or the Board? Cathy stated that the State Auditor also has a hotline, which can be added as a reference to the policy.</p> <p>Board Member Bradley asked if any complaints or concerns have been reported. Pam verified that she has not received any concerns regarding financial practices. Board Member Smolka confirmed that this policy is primarily for financial activities. Pam added that employees are also encouraged to utilize the methods of communication for any concern that is not being resolved.</p> <p>Rachel stated that she will take the Board’s suggestions and comments, and prepare a new draft.</p> <p>Gaylyn confirmed that our budget includes COLA and merit increases for appointed staff as well as merit staff. If</p>	<p><b>Legal Counsel will bring back a revised policy for adoption during the Board meeting in August.</b></p>	
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<p>Increases for Appointed Staff; Gaylyn Larsen <b>(Informational/Directional)</b></p>	<p>there was a desire for the Board to do something different for appointed staff, those discussions would be undertaken in a closed session.</p> <p>Board Member Bracken confirmed that this is generally a standard practice throughout the municipal governments as well.</p>		
<p>3.5 Follow-up on Leaf Bag Program Options; Pam Roberts <b>(Informational/Direction)</b></p>	<p>Pam stated that last Tuesday, the County Landfill Council proposed to the County Council a \$28 per ton fee increase for debagging leaf bags due to increased labor costs. This would mean approximately \$37,000 more for WFWRD to operate the Leaf Bag Program. The current fee is \$16 per ton, and this fee increase would bring the cost to \$44 per ton. Pam noted that this cost was paid by the Division, now District, in the past when we provided the labor for the debagging.</p> <p>Last month the ACB requested information on switching from plastic leaf bags to paper bags. Pam produced samples of 30-gallon paper bags, which are approximately the same size as our current plastic bags. Each year WFWRD purchases 150,000 of these leaf bags and distributes them at locations throughout the valley for our customers.</p> <p>Pam inquired at the Landfill if they would accept these paper bags. They replied that they were currently not equipped to process the paper bags in their composting, and requested that we continue using plastic bags for now. Additionally the paper bags are approximately three times more expensive than the plastic bags; and begin to disintegrate once they get wet, which produces challenges for collection if not done immediately. Pam continued by stating that although we distribute 150,000 bags throughout the valley, residents also use their own plastic bags. That activity would be difficult to regulate.</p>		

	<p>Board Member Marchant confirmed that we would need to pay the increased debagging fee, even if we switched to paper bags.</p> <p>Pam stated that the County conversation is ongoing, and there was discussion about using their dividends from the Landfill to offset this fee increase for the District. Board Member Brass stated that the cost differential for the paper bags is more than the proposed fee increase. If we are also paying to open up bags provided by our residents, that cost will rise even more. He followed that although he favors eliminating plastic bags, there are more challenges in using paper bags.</p> <p>Board Member Bradley also voiced his concern for all plastic bags, and asked if the Landfill was looking into technologies or equipment to accept paper bags in their compost. He suggested also looking into paper bags that have a wax or polymer coating to make them more durable.</p> <p>Pam added that she looked into biodegradable plastic bags, but found that they don't completely decompose. They are also made of a thinner plastic which increases the chances of splitting or breaking when being loaded.</p> <p>Board Member Gunn asked what happens to the plastic bags when they are separated from the leaves. Pam confirmed that the empty bags go into the landfill. The cost of cleaning and processing them back to usable and recyclable plastic is too costly.</p>		
<b>4. Closed Session</b>			
	No Closed Session		
<b>5. Other Board Business</b>			

	<ul style="list-style-type: none"> <li>• Board Member Marchant thanked WFWRD for their participation in Millcreek’s Venture Night Out events.</li> <li>• Board Member Barbour thanked WFWRD for their participation in the Taylorsville Dayzz events and activities. Pam stated that we have an excellent crew and will pass on the thanks to those involved.</li> <li>• Board Chair Tischner read a Shout Out to Pam for her efforts in the Taylorsville Earth Day Collection Event.</li> </ul>		
<b>6. Requested Items for Board Meeting on August 28, 2017</b>			
	<ul style="list-style-type: none"> <li>• 2017 2<sup>nd</sup> Quarter Financial Report</li> <li>• 2017 2<sup>nd</sup> Quarter Performance Measures</li> <li>• Continued OPEB Discussion</li> <li>• Revised Whistleblower Policy</li> </ul>		
<b>ADJOURN</b>		<b>Motion to adjourn:</b> Board Member Bradley <b>Seconded by</b> Board Member Smolka  <b>Vote: All in favor (of Board Members present)</b>	